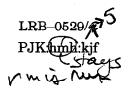


State of Misconsin 2001 - 2002 LEGISLATURE



DOA:.....Blaine - Changes related to receipt and disbursement fee and a study on the cost of operating the receipt and disbursement system

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

COUNTY TO SEE TO

AN ACT \; relating to: the budget.

Analysis by the Legislative Reference Bureau HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

Under current law, if a person owes an outstanding amount for past child or family support or for medical or birth expenses, or is delinquent in making court—ordered child or family support or maintenance payments, the amount that the person owes may be withheld from any state income tax refund or credit owed to the person. Also under current law, if a court orders a person to pay child or family support or maintenance, the court must order the person to pay to DWD an annual receiving and disbursing fee (R&D fee) of \$25, in every year for which maintenance, child support, or family support payments are ordered, to pay for DWD's costs associated with receiving and disbursing the maintenance, child support, or family support and maintaining a record of the receipts and disbursements.

The bill increases the R&D fee to \$35, beginning with R&D fees payable in 2002, and provides that a person paying the R&D fee must pay it not only in every year for which maintenance, child support, or family support payments are ordered but also in every year in which the person owes an arrearage in any of those payments. The bill provides that, if a person is delinquent in paying the R&D fee, the delinquent

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amount may be withheld from any state income tax refund or credit owed to the person upon certification of the delinquency by DWD to DOR. Before the refund or credit may be withheld, however, the person is entitled to a court hearing on whether he or she owes the amount that DWD certified to DOR. The bill also requires DWD to study what it would cost DWD to operate the statewide receipt and disbursement system, which is currently operated by a private party under contract with, and paid by, DWD.

Under current law, maintenance and child or family support are collected through wage assignment, as are R&D fees ordered on or after January 1, 2000. Current law provides that, if a person's obligation to pay maintenance, child or family support, or the R&D fee terminates, but the person has an arrearage in one or more of those payments, the wage assignment shall continue, up to the amount of the assignment before the obligation terminated, until the arrearage is paid in full. This provision applies only to those R&D fees ordered on or after January 1, 2000, however, because only those R&D fees are paid through wage assignment. The bill broadens the application of the provision to arrearages in any R&D fees, regardless of when ordered, and also broadens the assignment that is to be continued for collection of arrearages in maintenance, child or family support, or the R&D fee. Under the bill, if there is an arrearage in maintenance, child or family support, or the R&D fee after a person's current obligation to pay maintenance or child or family support terminates, any assignment that was in effect continues until the arrearage is paid in full, regardless of whether the assignment was for the same or a different type of payment. Thus, if a person was ordered before January 1, 2000, to pay maintenance and the R&D fee and has an arrearage in the R&D fee after his or her obligation to pay maintenance ends, the maintenance assignment is continued until the arrearage in the R&D fee is paid in full.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.445 (3) (ja) of the statutes is amended to read:

20.445 (3) (ja) Child support state operations — fees. All moneys received from fees charged under s. 49.22 (8), from fees ordered or otherwise owed under s. 767.29 (1) (d), from fees collected under s. 767.29 (1) (dm) 1m. and, from fees charged and incentive payments and collections retained under s. 49.22 (7m), and from the department of revenue under s. 49.855 that were withheld for unpaid fees ordered or otherwise owed under s. 767.29 (1) (d), for costs associated with receiving and

disbursing support and support-related payments, including any contract costs, and for administering the program under s. 49.22 and all other purposes specified in s. 49.22.

Section 2. 20.445 (3) (kp) of the statutes is amended to read:

20.445 (3) (kp) Delinquent support and, maintenance, and fee payments. All moneys received from the department of revenue and the department of administration under s. 49.855 that were withheld for child support, family support, maintenance, medical expenses, or birth expenses, to be distributed in accordance with state law and federal regulations, and that were withheld for unpaid fees ordered or otherwise owed under s. 767.29 (1) (d), for costs associated with receiving and disbursing support and support-related payments, including any contract costs.

****NOTE: This Section involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 3. 20.445 (3) (r) of the statutes is amended to read:

20.445 (3) (r) Support receipt and disbursement program; payments. From the support collections trust fund, all moneys received under s. 49.854, except for moneys received under s. 49.854 (11) (b), all moneys received under ss. 767.265 and 767.29 for child or family support, maintenance, spousal support, health care expenses, or birth expenses, and all other moneys received under judgments or orders in actions affecting the family, as defined in s. 767.02 (1), and all moneys received from the department of revenue under s. 49.855 that were withheld for delinquent child support, family support, or maintenance or outstanding court—ordered amounts for past support, medical expenses, or birth expenses, for disbursement to the persons for whom the payments are awarded, for returning seized funds under s. 49.854 (5) (f), and, if assigned under s. 46.261, 48.57 (3m) (b) 2. or (3n) (b) 2., 49.145 (2) (s), 49.19

- 1 (4) (h) 1. b., or 49.775 (2) (bm), for transfer to the appropriation account under par.
- 2 (k). Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.
 - **Section 4.** 25.68 (4) of the statutes is created to read:
 - 25.68 (4) All moneys received from the department of revenue under s. 49.855 that were withheld for delinquent child support, family support, or maintenance or outstanding court—ordered amounts for past support, medical expenses, or birth expenses.
 - **SECTION 5.** 49.855 (1) of the statutes is amended to read:
 - 49.855 (1) If a person obligated to provide pay child support, family support or, maintenance, or the receiving and disbursing fee under s. 767.29 (1) (d) is delinquent in making court-ordered any of those payments, or owes an outstanding amount that has been ordered by the court for past support, medical expenses, or birth expenses, upon application under s. 59.53 (5) the department of workforce development shall certify the delinquent payment or outstanding amount to the department of revenue and, at least annually, shall provide to the department of revenue any certifications of delinquencies or outstanding amounts that it receives from another state because the obligor resides in this state.
 - **SECTION 6.** 49.855 (3) of the statutes is amended to read:
 - 49.855 (3) Receipt of a certification by the department of revenue shall constitute a lien, equal to the amount certified, on any state tax refunds or credits owed to the obligor. The lien shall be foreclosed by the department of revenue as a setoff under s. 71.93 (3), (6), and (7). When the department of revenue determines that the obligor is otherwise entitled to a state tax refund or credit, it shall notify the obligor that the state intends to reduce any state tax refund or credit due the obligor

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by the amount the obligor is delinquent under the support or, maintenance, or receiving and disbursing fee order or obligation, by the outstanding amount for past support, medical expenses, or birth expenses under the court order, or by the amount due under s. 46.10 (4) or 301.12 (4). The notice shall provide that within 20 days the obligor may request a hearing before the circuit court rendering the order under which the obligation arose. Within 10 days after receiving a request for hearing under this subsection, the court shall set the matter for hearing. Pending further order by the court or family court commissioner, the department of workforce development or its designee, whichever is appropriate, is prohibited from disbursing the obligor's state tax refund or credit. The family court commissioner may conduct the hearing. The sole issues at that hearing shall be whether the obligor owes the amount certified and, if not and it is a support or maintenance order, whether the money withheld from a tax refund or credit shall be paid to the obligor or held for future support or maintenance. An obligor may, within 20 days of receiving notice that the amount certified shall be withheld from his or her federal tax refund or credit, request a hearing under this subsection.

SECTION 7. 49.855 (4) of the statutes is amended to read:

49.855 (4) The department of revenue shall send that the portion of any state or federal tax refunds or credits withheld for delinquent child or family support or maintenance or past support, medical expenses, or birth expenses to the department of workforce development or its designee for distribution to the obligee deposit in the support collections trust fund under s. 25.68 and shall send the portion of any state or federal tax refunds or credits withheld for delinquent receiving and disbursing fees to the department of workforce development or its designee for deposit in the appropriation account under s. 20.445 (3) (ja). The department of workforce

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development shall make a settlement at least annually with the department of revenue. The settlement shall state the amounts certified, the amounts deducted from tax refunds and credits, and the administrative costs incurred by the department of revenue.

SECTION 8. 49.855 (4m) (b) of the statutes is amended to read:

49.855 (4m) (b) The department of revenue may provide a certification that it receives under sub. (1), (2m), or (2p) to the department of administration. Upon receipt of the certification, the department of administration shall determine whether the obligor is a vendor or is receiving any other payments from this state, except for wages, retirement benefits, or assistance under s. 45.352, 1971 stats., s. 45.351 (1), this chapter, or ch. 46, 108, or 301. If the department of administration determines that the obligor is a vendor or is receiving payments from this state, except for wages, retirement benefits, or assistance under s. 45.352, 1971 stats., s. 45.351 (1), this chapter, or ch. 46, 108, or 301, it shall begin to withhold the amount certified from those payments and shall notify the obligor that the state intends to reduce any payments due the obligor by the amount the obligor is delinquent under the support or, maintenance, or receiving and disbursing fee order or obligation, by the outstanding amount for past support, medical expenses, or birth expenses under the court order, or by the amount due under s. 46.10 (4) or 301.12 (4). The notice shall provide that within 20 days after receipt of the notice the obligor may request a hearing before the circuit court rendering the order under which the obligation arose. An obligor may, within 20 days after receiving notice, request a hearing under this paragraph. Within 10 days after receiving a request for hearing under this paragraph, the court shall set the matter for hearing. The family court commissioner may conduct the hearing. Pending further order by the court or family court

commissioner, the department of workforce development or its designee, whichever is appropriate, may not disburse the payments withheld from the obligor. The sole issues at the hearing are whether the obligor owes the amount certified and, if not and it is a support or maintenance order, whether the money withheld shall be paid to the obligor or held for future support or maintenance.

SECTION 9. 49.855 (4m) (c) of the statutes is amended to read:

49.855 (4m) (c) Except as provided by order of the court after hearing under par. (b), the department of administration shall continue withholding until the amount certified is recovered in full. The department of administration shall transfer the amounts withheld under this paragraph to the department of workforce development or its designee, the department of health and family services, or the department of corrections, whichever is appropriate. The department of workforce development or its designee shall distribute deposit amounts withheld for delinquent child or family support or, maintenance, or receiving and disbursing fees or past support, medical expenses, or birth expenses to the obligee in the appropriation account under s. 20.445 (3) (kp).

SECTION 10. 767.265 (1) of the statutes is amended to read:

767.265 (1) Each order for child support under this chapter, for maintenance payments under s. 767.23 or 767.26, for family support under this chapter, for costs ordered under s. 767.51 (3) or 767.62 (4), for support by a spouse under s. 767.02 (1) (f), or for maintenance payments under s. 767.02 (1) (g) or for, each order for or obligation to pay the annual receiving and disbursing fee under s. 767.29 (1) (d), each order for a revision in a judgment or order with respect to child support, maintenance, or family support payments under s. 767.32, each stipulation approved by the court or the family court commissioner for child support under this

chapter, and each order for child or spousal support entered under s. 948.22 (7) constitutes an assignment of all commissions, earnings, salaries, wages, pension benefits, benefits under ch. 102 or 108, lottery prizes that are payable in instalments, and other money due or to be due in the future to the department or its designee. The assignment shall be for an amount sufficient to ensure payment under the order, obligation, or stipulation and to pay any arrearages due at a periodic rate not to exceed 50% of the amount of support due under the order, obligation, or stipulation so long as the addition of the amount toward arrearages does not leave the party at an income below the poverty line established under 42 USC 9902 (2).

SECTION 11. 767.265 (1m) of the statutes is amended to read:

767.265 (1m) If a party's current obligation to pay maintenance, child support, spousal support, or family support or the annual receiving and disbursing fee terminates but the party has an arrearage in the payment of one or more of those payments, the or in the payment of the annual receiving and disbursing fee, any assignment under sub. (1) shall continue in effect, in an amount up to the amount of the assignment before the party's current obligation terminated, until the arrearage is paid in full.

SECTION 12. 767.29 (1) (d) of the statutes is amended to read:

767.29 (1) (d) For receiving and disbursing maintenance, child support, or family support payments, including arrears in any of those payments, and for maintaining the records required under par. (c), the department or its designee shall collect an annual fee of \$25 \$35. The court or family court commissioner shall order each party ordered to make payments to pay the annual fee under this paragraph in each year for which payments are ordered or in which an arrearage in any of those payments is owed. In directing the manner of payment of the annual fee, the court

or family court commissioner shall order that the annual fee be withheld from income and sent to the department or its designee, as provided under s. 767.265. All fees collected under this paragraph shall be deposited in the appropriation account under s. 20.445 (3) (ja). At the time of ordering the payment of an annual fee under this paragraph, the court or family court commissioner shall notify each party ordered to make payments of the requirement to pay the annual fee and of the amount of the annual fee. If the annual fee under this paragraph is not paid when due, the department or its designee may not deduct the annual fee from the any maintenance er, child or family support, or arrearage payment, but may move the court for a remedial sanction under ch. 785.

SECTION 13. 767.29 (1) (dm) 1m. of the statutes is amended to read:

767.29 (1) (dm) 1m. The department or its designee may collect any unpaid fees under s. 814.61 (12) (b), 1997 stats., that are shown on the department's automated payment and collection system on December 31, 1998, and shall deposit all fees collected under this subdivision in the appropriation account under s. 20.445 (3) (ja). The department or its designee may collect unpaid fees under this subdivision through income withholding under s. 767.265 (2m). If the department or its designee determines that income withholding is inapplicable, ineffective, or insufficient for the collection of any unpaid fees under this subdivision, the department or its designee may move the court for a remedial sanction under ch. 785. The department or its designee may contract with or employ a collection agency or other person for the collection of any unpaid fees under this subdivision and, notwithstanding s. 20.930, may contract with or employ an attorney to appear in any action in state or federal court to enforce the payment obligation. The department or its designee may

not deduct the amount of unpaid fees from any maintenance of child or family support, or arrearage payment.

SECTION 14. 1999 Wisconsin Act 9, section 9357 (3) is amended to read:

[1999 Wisconsin Act 9] Section 9357 (3) Assignment of Receiving and DISBURSING FEES. The treatment of sections 767.265 (1), (2h) (by Section 3059) and (2r) and 767.29 (1) (d) (intro.), 1. and 2. of the statutes and the amendment of section 767.265 (1m) of the statutes first apply applies to annual receiving and disbursing fees that are ordered on the effective date of this subsection.

Section 9158. Nonstatutory provisions; workforce development.

(1) Study on cost of operating receipt and disbursement system. The department of workforce development shall study what it would cost the department to operate the statewide automated support and maintenance receipt and disbursement system under section 767.29 of the statutes, as affected by this act, including the number of employees that would be required to perform the functions. In the study, the department shall differentiate between the cost of initially taking over the operation of the system and the cost of operating the system annually thereafter and shall compare those costs with the current and anticipated future cost of paying its designee to operate the system. No later than December 31, 2001, the department of workforce development shall submit a report on the results of the study, including the department's conclusions and recommendations, to the secretary of administration.

SECTION 9358. Initial applicability; workforce development.

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The treatment of section 767.29 (1) (d) of the statutes, with respect to increasing the amount of the receipt and disbursement fee, first applies to receipt and disbursement fees that are payable in calendar year 2002.

(b) Arrearages. The treatment, with respect to payment of the receipt and disbursement fee if arrearages are owed, of sections 20.445 (3) (ja) and (kp), 49.855 (1), (3), (4), and (4m) (b) and (c), 767.265 (1) and (1m), and 767.29 (1) (d) and (dm) 1m.

Arst applies to arrearages existing on the effective date of this paragraph.

(END)



DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-0529/5dn PJK:hmh:kjf

Date

Robert:

I did find the case that I mentioned to you in an e-mail. It is *In re Marriage of Schulz v. Ystad*, 155 Wis. 2d 574, 456 N.W. 2d 312 (1990). Under the reasoning in that case, a court could find that an R&D fee must be paid in a year in which an arrearage is owed only if the arrearage was in child or family support or maintenance ordered on or after the effective date of the act. I realize that you will not want to keep the initial applicability provision in any case, but I wanted you to have the case citation, and I wanted to have something in the file showing that the issue was raised.

Pamela J. Kahler Senior Legislative Attorney Phone: (608) 266–2682

E-mail: pam.kahler@legis.state.wi.us

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-0529/5dn PJK.hmh.rs

January 31, 2001

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E-mail: pam.kahler@legis.state.wi.us



State of Misconsin 2001 - 2002 LEGISLATURE

PJK:brob:rs

DOA:.....Blaine – Changes related to receipt and disbursement fee and a study on the cost of operating the receipt and disbursement system

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

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Analysis by the Legislative Reference Bureau HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

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The bill increases the R&D fee to \$35, beginning with R&D fees payable in 2002, and provides that a person paying the R&D fee must pay it not only in every year for which maintenance, child support, or family support payments are ordered but also in every year in which the person owes an arrearage in any of those payments. The bill provides that, if a person is delinquent in paying the R&D fee, the delinquent

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For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Section 1. 20.445 (3) (ja) of the statutes is amended to read:

20.445 (3) (ja) Child support state operations—fees. All moneys received from fees charged under s. 49.22 (8), from fees ordered or otherwise owed under s. 767.29 (1) (d), from fees collected under s. 767.29 (1) (dm) 1m. and, from fees charged and incentive payments and collections retained under s. 49.22 (7m), and from the department of revenue under s. 49.855 that were withheld for unpaid fees ordered or otherwise owed under s. 767.29 (1) (d), for costs associated with receiving and

- disbursing support and support—related payments, including any contract costs, and for administering the program under s. 49.22 and all other purposes specified in s. 49.22.
 - **SECTION 2.** 20.445 (3) (kp) of the statutes is amended to read:
 - 20.445 (3) (kp) Delinquent support and, maintenance, and fee payments. All moneys received from the department of revenue and the department of administration under s. 49.855 that were withheld for child support, family support, maintenance, medical expenses, or birth expenses, to be distributed in accordance with state law and federal regulations, and that were withheld for unpaid fees ordered or otherwise owed under s. 767.29 (1) (d), for costs associated with receiving and disbursing support and support—related payments, including any contract costs.

****Note: This Section involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 3. 20.445 (3) (r) of the statutes is amended to read:

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development shall make a settlement at least annually with the department of revenue. The settlement shall state the amounts certified, the amounts deducted from tax refunds and credits, and the administrative costs incurred by the department of revenue.

SECTION 8. 49.855 (4m) (b) of the statutes is amended to read:

49.855 (4m) (b) The department of revenue may provide a certification that it receives under sub. (1), (2m), or (2p) to the department of administration. Upon receipt of the certification, the department of administration shall determine whether the obligor is a vendor or is receiving any other payments from this state, except for wages, retirement benefits, or assistance under s. 45.352, 1971 stats., s. 45.351 (1), this chapter, or ch. 46, 108, or 301. If the department of administration determines that the obligor is a vendor or is receiving payments from this state, except for wages, retirement benefits, or assistance under s. 45.352, 1971 stats., s. 45.351 (1), this chapter, or ch. 46, 108, or 301, it shall begin to withhold the amount certified from those payments and shall notify the obligor that the state intends to reduce any payments due the obligor by the amount the obligor is delinquent under the support or, maintenance, or receiving and disbursing fee order or obligation, by the outstanding amount for past support, medical expenses, or birth expenses under the court order, or by the amount due under s. 46.10 (4) or 301.12 (4). The notice shall provide that within 20 days after receipt of the notice the obligor may request a hearing before the circuit court rendering the order under which the obligation arose. An obligor may, within 20 days after receiving notice, request a hearing under this paragraph. Within 10 days after receiving a request for hearing under this paragraph, the court shall set the matter for hearing. The family court commissioner may conduct the hearing. Pending further order by the court or family court

commissioner, the department of workforce development or its designee, whichever is appropriate, may not disburse the payments withheld from the obligor. The sole issues at the hearing are whether the obligor owes the amount certified and, if not and it is a support or maintenance order, whether the money withheld shall be paid to the obligor or held for future support or maintenance.

Section 9. 49.855 (4m) (c) of the statutes is amended to read:

49.855 (4m) (c) Except as provided by order of the court after hearing under par. (b), the department of administration shall continue withholding until the amount certified is recovered in full. The department of administration shall transfer the amounts withheld under this paragraph to the department of workforce development or its designee, the department of health and family services, or the department of corrections, whichever is appropriate. The department of workforce development or its designee shall distribute deposit amounts withheld for delinquent child or family support or, maintenance, or receiving and disbursing fees or past support, medical expenses, or birth expenses to the obligee in the appropriation account under s. 20.445 (3) (kp).

SECTION 10. 767.265 (1) of the statutes is amended to read:

767.265 (1) Each order for child support under this chapter, for maintenance payments under s. 767.23 or 767.26, for family support under this chapter, for costs ordered under s. 767.51 (3) or 767.62 (4), for support by a spouse under s. 767.02 (1) (f), or for maintenance payments under s. 767.02 (1) (g) or for, each order for or obligation to pay the annual receiving and disbursing fee under s. 767.29 (1) (d), each order for a revision in a judgment or order with respect to child support, maintenance, or family support payments under s. 767.32, each stipulation approved by the court or the family court commissioner for child support under this

chapter, and each order for child or spousal support entered under s. 948.22 (7) constitutes an assignment of all commissions, earnings, salaries, wages, pension benefits, benefits under ch. 102 or 108, lottery prizes that are payable in instalments, and other money due or to be due in the future to the department or its designee. The assignment shall be for an amount sufficient to ensure payment under the order, obligation, or stipulation and to pay any arrearages due at a periodic rate not to exceed 50% of the amount of support due under the order, obligation, or stipulation so long as the addition of the amount toward arrearages does not leave the party at an income below the poverty line established under 42 USC 9902 (2).

SECTION 11. 767.265 (1m) of the statutes is amended to read:

767.265 (1m) If a party's current obligation to pay maintenance, child support, spousal support, or family support or the annual receiving and disbursing fee terminates but the party has an arrearage in the payment of one or more of those payments, the or in the payment of the annual receiving and disbursing fee, any assignment under sub. (1) shall continue in effect, in an amount up to the amount of the assignment before the party's current obligation terminated, until the arrearage is paid in full.

Section 12. 767.29 (1) (d) of the statutes is amended to read:

767.29 (1) (d) For receiving and disbursing maintenance, child support, or family support payments, including arrears in any of those payments, and for maintaining the records required under par. (c), the department or its designee shall collect an annual fee of \$25 \$35. The court or family court commissioner shall order each party ordered to make payments to pay the annual fee under this paragraph in each year for which payments are ordered or in which an arrearage in any of those payments is owed. In directing the manner of payment of the annual fee, the court

or family court commissioner shall order that the annual fee be withheld from income and sent to the department or its designee, as provided under s. 767.265. All fees collected under this paragraph shall be deposited in the appropriation account under s. 20.445 (3) (ja). At the time of ordering the payment of an annual fee under this paragraph, the court or family court commissioner shall notify each party ordered to make payments of the requirement to pay the annual fee and of the amount of the annual fee. If the annual fee under this paragraph is not paid when due, the department or its designee may not deduct the annual fee from the any maintenance et, child or family support, or arrearage payment, but may move the court for a remedial sanction under ch. 785.

SECTION 13. 767.29 (1) (dm) 1m. of the statutes is amended to read:

767.29 (1) (dm) 1m. The department or its designee may collect any unpaid fees under s. 814.61 (12) (b), 1997 stats., that are shown on the department's automated payment and collection system on December 31, 1998, and shall deposit all fees collected under this subdivision in the appropriation account under s. 20.445 (3) (ja). The department or its designee may collect unpaid fees under this subdivision through income withholding under s. 767.265 (2m). If the department or its designee determines that income withholding is inapplicable, ineffective, or insufficient for the collection of any unpaid fees under this subdivision, the department or its designee may move the court for a remedial sanction under ch. 785. The department or its designee may contract with or employ a collection agency or other person for the collection of any unpaid fees under this subdivision and, notwithstanding s. 20.930, may contract with or employ an attorney to appear in any action in state or federal court to enforce the payment obligation. The department or its designee may

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not deduct the amount of unpaid fees from any maintenance or, child or family support, or arrearage payment.

SECTION 14. 1999 Wisconsin Act 9, section 9357 (3) is amended to read:

[1999 Wisconsin Act 9] Section 9357 (3) Assignment of Receiving and DISBURSING FEES. The treatment of sections 767.265 (1), (2h) (by Section 3059) and (2r) and 767.29 (1) (d) (intro.), 1. and 2. of the statutes and the amendment of section 767.265 (1m) of the statutes first apply applies to annual receiving and disbursing fees that are ordered on the effective date of this subsection.

Section 9158. Nonstatutory provisions; workforce development.

(1) Study on cost of operating receipt and disbursement system. The department of workforce development shall study what it would cost the department to operate the statewide automated support and maintenance receipt and disbursement system under section 767.29 of the statutes, as affected by this act, including the number of employees that would be required to perform the functions. In the study, the department shall differentiate between the cost of initially taking over the operation of the system and the cost of operating the system annually thereafter and shall compare those costs with the current and anticipated future cost of paying its designee to operate the system. No later than December 31, 2001, the department of workforce development shall submit a report on the results of the study, including the department's conclusions and recommendations, to the secretary of administration.

SECTION 9358. Initial applicability; workforce development.

(1) RECEIPT AND DISBURSEMENT FEE INCREASE. The treatment of section 767.29
(1) (d) of the statutes, with respect to increasing the amount of the receipt and

disbursement fee, first applies to receipt and disbursement fees that are payable in

(END)

2 calendar year 2002.

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DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-0529/6dn PJK:hynhyrsy

(Vii)

Robert:

This redraft removes the treatment of s. 20.445 (3) (r), which is included in LRB-0530/2, and thereby reconciles LRB-0529/5 and LRB-0530/1. Both of these drafts should continue to appear in the compiled bill.

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DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-0529/6dn PJK:hmh:rs

February 7, 2001

Robert:

This redraft removes the treatment of s. 20.445 (3) (r), which is included in LRB-0530/2, and thereby reconciles LRB-0529/5 and LRB-0530/1. Both of these drafts should continue to appear in the compiled bill.

Pamela J. Kahler Senior Legislative Attorney Phone: (608) 266–2682

E-mail: pam.kahler@legis.state.wi.us

| | | AC 9223 (1) same as above | |
|------------------------|--|--|-------------------------|
| | | ALCOHOL | |
| | | INITIATIVE | |
| | | AC 9223 (1) same as above | |
| | | DRIVER | |
| | | IMPROVEMENT | |
| ISR | 0734/1 | AC 9257 (1) Follow format in executive budget bill memo, | |
| | | VETS TRAINING Attachment C | |
| MGG | 0313/2 | IA 9337 (1) Add "on the effective date of this subsection"? | |
| • | | AQUATIC | |
| | | PLANTS | |
| JK | 0930/1 | IA 9334 (1) on July 1, 2001 the effective date of this subsection? | |
| | | INTERNAL Otherwise, draft should transfer the moneys from | |
| | | SERVICES wherever they go between 7/1/01 and any delayed | |
| • | | effective date. | |
| РЈН | 0833/3 | IA 9352(1)forfeitures imposed for violations committed on | |
| | | JUVENILE effective date (avoids retroactive change in penalty | |
| | | PRIVILEGES after violation occurs) | |
| RJM | 2025/2 | IA 9353 (1) treatment and renumbering first applies apply | |
| | | UNCLAIMED | |
| province of the second | the same of the sa | PROPERTY | |
| PJK | 0529/6 | IA 9358 (1) Place "with respect to" clause in parentheses instead | 1 |
| | | RECEIPT AND of setting off with commas. | 1 |
| | | DISBURSEMENT | |
| РЈК | 0530/2 | IA 9358 (1)first apply <u>retroactively</u> to [rule is the same as for | $\int_{\mathbb{R}^{n}}$ |
| | | UNCLAIMED effective dates under DM ex. 7.04 (8) (d)] | / |
| | | SUPPORT | |
| - | | and the second s | |



State of Misconsin 2001 - 2002 LEGISLATURE

LRB-0529/6 PJK:hmh:rs

DOA:.....Blaine - Changes related to receipt and disbursement fee and a study on the cost of operating the receipt and disbursement system

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

Under current law, if a person owes an outstanding amount for past child or family support or for medical or birth expenses, or is delinquent in making court—ordered child or family support or maintenance payments, the amount that the person owes may be withheld from any state income tax refund or credit owed to the person. Also under current law, if a court orders a person to pay child or family support or maintenance, the court must order the person to pay to DWD an annual receiving and disbursing fee (R&D fee) of \$25, in every year for which maintenance, child support, or family support payments are ordered, to pay for DWD's costs associated with receiving and disbursing the maintenance, child support, or family support and maintaining a record of the receipts and disbursements.

The bill increases the R&D fee to \$35, beginning with R&D fees payable in 2002, and provides that a person paying the R&D fee must pay it not only in every year for which maintenance, child support, or family support payments are ordered but also in every year in which the person owes an arrearage in any of those payments. The bill provides that, if a person is delinquent in paying the R&D fee, the delinquent

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amount may be withheld from any state income tax refund or credit owed to the person upon certification of the delinquency by DWD to DOR. Before the refund or credit may be withheld, however, the person is entitled to a court hearing on whether he or she owes the amount that DWD certified to DOR. The bill also requires DWD to study what it would cost DWD to operate the statewide receipt and disbursement system, which is currently operated by a private party under contract with, and paid by, DWD.

Under current law, maintenance and child or family support are collected through wage assignment, as are R&D fees ordered on or after January 1, 2000. Current law provides that, if a person's obligation to pay maintenance, child or family support, or the R&D fee terminates, but the person has an arrearage in one or more of those payments, the wage assignment shall continue, up to the amount of the assignment before the obligation terminated, until the arrearage is paid in full. This provision applies only to those R&D fees ordered on or after January 1, 2000. however, because only those R&D fees are paid through wage assignment. The bill broadens the application of the provision to arrearages in any R&D fees, regardless of when ordered, and also broadens the assignment that is to be continued for collection of arrearages in maintenance, child or family support, or the R&D fee. Under the bill, if there is an arrearage in maintenance, child or family support, or the R&D fee after a person's current obligation to pay maintenance or child or family support terminates, any assignment that was in effect continues until the arrearage is paid in full, regardless of whether the assignment was for the same or a different type of payment. Thus, if a person was ordered before January 1, 2000, to pay maintenance and the R&D fee and has an arrearage in the R&D fee after his or her obligation to pay maintenance ends, the maintenance assignment is continued until the arrearage in the R&D fee is paid in full.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.445 (3) (ja) of the statutes is amended to read:

20.445 (3) (ja) Child support state operations — fees. All moneys received from fees charged under s. 49.22 (8), from fees ordered or otherwise owed under s. 767.29 (1) (d), from fees collected under s. 767.29 (1) (dm) 1m. and, from fees charged and incentive payments and collections retained under s. 49.22 (7m), and from the department of revenue under s. 49.855 that were withheld for unpaid fees ordered or otherwise owed under s. 767.29 (1) (d), for costs associated with receiving and

disbursing support and support–related payments, including any contract costs, and for administering the program under s. 49.22 and all other purposes specified in s. 49.22.

Section 2. 20.445 (3) (kp) of the statutes is amended to read:

20.445 (3) (kp) Delinquent support and, maintenance, and fee payments. All moneys received from the department of revenue and the department of administration under s. 49.855 that were withheld for child support, family support, maintenance, medical expenses, or birth expenses, to be distributed in accordance with state law and federal regulations, and that were withheld for unpaid fees ordered or otherwise owed under s. 767.29 (1) (d), for costs associated with receiving and disbursing support and support—related payments, including any contract costs.

****Note: This Section involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 3. 25.68 (4) of the statutes is created to read:

25.68 (4) All moneys received from the department of revenue under s. 49.855 that were withheld for delinquent child support, family support, or maintenance or outstanding court—ordered amounts for past support, medical expenses, or birth expenses.

SECTION 4. 49.855 (1) of the statutes is amended to read:

49.855 (1) If a person obligated to provide pay child support, family support or, maintenance, or the receiving and disbursing fee under s. 767.29 (1) (d) is delinquent in making court—ordered any of those payments, or owes an outstanding amount that has been ordered by the court for past support, medical expenses, or birth expenses, upon application under s. 59.53 (5) the department of workforce development shall certify the delinquent payment or outstanding amount to the department of revenue

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and, at least annually, shall provide to the department of revenue any certifications of delinquencies or outstanding amounts that it receives from another state because the obligor resides in this state.

SECTION 5. 49.855 (3) of the statutes is amended to read:

Receipt of a certification by the department of revenue shall constitute a lien, equal to the amount certified, on any state tax refunds or credits owed to the obligor. The lien shall be foreclosed by the department of revenue as a setoff under s. 71.93 (3), (6), and (7). When the department of revenue determines that the obligor is otherwise entitled to a state tax refund or credit, it shall notify the obligor that the state intends to reduce any state tax refund or credit due the obligor by the amount the obligor is delinquent under the support or, maintenance, or receiving and disbursing fee order or obligation, by the outstanding amount for past support, medical expenses, or birth expenses under the court order, or by the amount due under s. 46.10 (4) or 301.12 (4). The notice shall provide that within 20 days the obligor may request a hearing before the circuit court rendering the order under which the obligation arose. Within 10 days after receiving a request for hearing under this subsection, the court shall set the matter for hearing. Pending further order by the court or family court commissioner, the department of workforce development or its designee, whichever is appropriate, is prohibited from disbursing the obligor's state tax refund or credit. The family court commissioner may conduct the hearing. The sole issues at that hearing shall be whether the obligor owes the amount certified and, if not and it is a support or maintenance order, whether the money withheld from a tax refund or credit shall be paid to the obligor or held for future support or maintenance. An obligor may, within 20 days of receiving notice

that the amount certified shall be withheld from his or her federal tax refund or credit, request a hearing under this subsection.

SECTION 6. 49.855 (4) of the statutes is amended to read:

49.855 (4) The department of revenue shall send that the portion of any state or federal tax refunds or credits withheld for delinquent child or family support or maintenance or past support, medical expenses, or birth expenses to the department of workforce development or its designee for distribution to the obligee deposit in the support collections trust fund under s. 25.68 and shall send the portion of any state or federal tax refunds or credits withheld for delinquent receiving and disbursing fees to the department of workforce development or its designee for deposit in the appropriation account under s. 20.445 (3) (ja). The department of workforce development shall make a settlement at least annually with the department of revenue. The settlement shall state the amounts certified, the amounts deducted from tax refunds and credits, and the administrative costs incurred by the department of revenue.

Section 7. 49.855 (4m) (b) of the statutes is amended to read:

49.855 (4m) (b) The department of revenue may provide a certification that it receives under sub. (1), (2m), or (2p) to the department of administration. Upon receipt of the certification, the department of administration shall determine whether the obligor is a vendor or is receiving any other payments from this state, except for wages, retirement benefits, or assistance under s. 45.352, 1971 stats., s. 45.351 (1), this chapter, or ch. 46, 108, or 301. If the department of administration determines that the obligor is a vendor or is receiving payments from this state, except for wages, retirement benefits, or assistance under s. 45.352, 1971 stats., s. 45.351 (1), this chapter, or ch. 46, 108, or 301, it shall begin to withhold the amount

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certified from those payments and shall notify the obligor that the state intends to reduce any payments due the obligor by the amount the obligor is delinquent under the support or, maintenance, or receiving and disbursing fee order or obligation, by the outstanding amount for past support, medical expenses, or birth expenses under the court order, or by the amount due under s. 46.10 (4) or 301.12 (4). The notice shall provide that within 20 days after receipt of the notice the obligor may request a hearing before the circuit court rendering the order under which the obligation arose. An obligor may, within 20 days after receiving notice, request a hearing under this Within 10 days after receiving a request for hearing under this paragraph, the court shall set the matter for hearing. The family court commissioner may conduct the hearing. Pending further order by the court or family court commissioner, the department of workforce development or its designee, whichever is appropriate, may not disburse the payments withheld from the obligor. The sole issues at the hearing are whether the obligor owes the amount certified and, if not and it is a support or maintenance order, whether the money withheld shall be paid to the obligor or held for future support or maintenance.

SECTION 8. 49.855 (4m) (c) of the statutes is amended to read:

49.855 (4m) (c) Except as provided by order of the court after hearing under par (b), the department of administration shall continue withholding until the amount certified is recovered in full. The department of administration shall transfer the amounts withheld under this paragraph to the department of workforce development or its designee, the department of health and family services, or the department of corrections, whichever is appropriate. The department of workforce development or its designee shall distribute deposit amounts withheld for delinquent child or family support or, maintenance, or receiving and disbursing fees

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or past support, medical expenses, or birth expenses to the obligee in the appropriation account under s. 20.445 (3) (kp).

Section 9. 767.265 (1) of the statutes is amended to read:

767.265 (1) Each order for child support under this chapter, for maintenance payments under s. 767.23 or 767.26, for family support under this chapter, for costs ordered under s. 767.51 (3) or 767.62 (4), for support by a spouse under s. 767.02 (1) (f), or for maintenance payments under s. 767.02 (1) (g) or for, each order for or obligation to pay the annual receiving and disbursing fee under s. 767.29 (1) (d), each order for a revision in a judgment or order with respect to child support, maintenance, or family support payments under s. 767.32, each stipulation approved by the court or the family court commissioner for child support under this chapter, and each order for child or spousal support entered under s. 948.22 (7) constitutes an assignment of all commissions, earnings, salaries, wages, pension benefits, benefits under ch. 102 or 108, lottery prizes that are payable in instalments, and other money due or to be due in the future to the department or its designee. The assignment shall be for an amount sufficient to ensure payment under the order, obligation, or stipulation and to pay any arrearages due at a periodic rate not to exceed 50% of the amount of support due under the order, obligation, or stipulation so long as the addition of the amount toward arrearages does not leave the party at an income below the poverty line established under 42 USC 9902 (2).

SECTION 10. 767.265 (1m) of the statutes is amended to read:

767.265 (1m) If a party's current obligation to pay maintenance, child support, spousal support, or family support or the annual receiving and disbursing fee terminates but the party has an arrearage in the payment of one or more of those payments, the or in the payment of the annual receiving and disbursing fee, any

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assignment <u>under sub.</u> (1) shall continue in effect, in an amount up to the amount of the assignment before the party's current obligation terminated, until the arrearage is paid in full.

SECTION 11. 767.29 (1) (d) of the statutes is amended to read:

767.29 (1) (d) For receiving and disbursing maintenance, child support, or family support payments, including arrears in any of those payments, and for maintaining the records required under par. (c), the department or its designee shall collect an annual fee of \$25 \$35. The court or family court commissioner shall order each party ordered to make payments to pay the annual fee under this paragraph in each year for which payments are ordered or in which an arrearage in any of those payments is owed. In directing the manner of payment of the annual fee, the court or family court commissioner shall order that the annual fee be withheld from income and sent to the department or its designee, as provided under s. 767.265. All fees collected under this paragraph shall be deposited in the appropriation account under s. 20.445 (3) (ja). At the time of ordering the payment of an annual fee under this paragraph, the court or family court commissioner shall notify each party ordered to make payments of the requirement to pay the annual fee and of the amount of the annual fee. If the annual fee under this paragraph is not paid when due, the department or its designee may not deduct the annual fee from the any maintenance or, child or family support, or arrearage payment, but may move the court for a remedial sanction under ch. 785.

SECTION 12. 767.29 (1) (dm) 1m. of the statutes is amended to read:

767.29 (1) (dm) 1m. The department or its designee may collect any unpaid fees under s. 814.61 (12) (b), 1997 stats., that are shown on the department's automated payment and collection system on December 31, 1998, and shall deposit all fees

collected under this subdivision in the appropriation account under s. 20.445 (3) (ja). The department or its designee may collect unpaid fees under this subdivision through income withholding under s. 767.265 (2m). If the department or its designee determines that income withholding is inapplicable, ineffective, or insufficient for the collection of any unpaid fees under this subdivision, the department or its designee may move the court for a remedial sanction under ch. 785. The department or its designee may contract with or employ a collection agency or other person for the collection of any unpaid fees under this subdivision and, notwithstanding s. 20.930, may contract with or employ an attorney to appear in any action in state or federal court to enforce the payment obligation. The department or its designee may not deduct the amount of unpaid fees from any maintenance ex, child or family support, or arrearage payment.

SECTION 13. 1999 Wisconsin Act 9, section 9357 (3) is amended to read:

[1999 Wisconsin Act 9] Section 9357 (3) ASSIGNMENT OF RECEIVING AND DISBURSING FEES. The treatment of sections 767.265 (1), (2h) (by Section 3059) and (2r) and 767.29 (1) (d) (intro.), 1. and 2. of the statutes and the amendment of section 767.265 (1m) of the statutes first apply applies to annual receiving and disbursing fees that are ordered on the effective date of this subsection.

Section 9158. Nonstatutory provisions; workforce development.

(1) Study on cost of operating receipt and disbursement system. The department of workforce development shall study what it would cost the department to operate the statewide automated support and maintenance receipt and disbursement system under section 767.29 of the statutes, as affected by this act, including the number of employees that would be required to perform the functions. In the study, the department shall differentiate between the cost of initially taking

| over the operation of the system and the cost of operating the system annually |
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| thereafter and shall compare those costs with the current and anticipated future cost |
| of paying its designee to operate the system. No later than December 31, 2001, the |
| department of workforce development shall submit a report on the results of the |
| study, including the department's conclusions and recommendations, to the |
| secretary of administration. |

SECTION 9358. Initial applicability; workforce development.

(1) RECEIPT AND DISBURSEMENT FEE INCREASE. The treatment of section 767.29 (1) (d) of the statutes, with respect to increasing the amount of the receipt and disbursement fee, first applies to receipt and disbursement fees that are payable in calendar year 2002.